



CALIFORNIA HOUSING FINANCE AGENCY

1121 "L" STREET, 7TH FLOOR • SACRAMENTO, CA 95814 • (916) 322-0249

N E W S

CONTACT: GREG CARTER
(916) 324-3315

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DOWN PAYMENT ASSISTANCE FOR NEW HOME BUYERS

SACRAMENTO - The California Housing Finance Agency (CHFA) announced that the California Legislature, recognizing the changing dynamics of the housing market, took action to modify the School Facility Fee Down Payment Assistance Program to more closely align it to new home construction and homeownership objectives. Governor Gray Davis signed Assembly Bill 2866 into law expanding the School Facility Fee Down Payment Assistance Program effective July 10, 2000. The Program provides state funding of \$108,000,000 in down payment assistance to homebuyers of newly constructed single family homes. With over 100,000 new single family homes built each year, this program is expected to potentially provide down payment assistance for up to 20,000 homebuyers per year over the next two years.

The School Facility Fee Down Payment Assistance Program was authorized by the provisions of Senate Bill 50/Proposition 1A (1998) to meet the needs of new construction home buyers in three important categories: (1) Economically Distressed Areas; (2) Affordable Sales Price; and (3) First-time Homebuyers. This program provides a state funded forgivable grant only available to the new construction homebuyer. Homebuyers may choose any first loan from any lender they wish. While this is not a CHFA loan program, it may also be used in combination with CHFA loans if the homebuyer so desires. The grant can also be combined with other down payment assistance programs for greater home purchase leverage. Homebuyers receive down payment assistance in the form of a forgivable grant according to the amount of school facility fees paid by the developer. In many cases this amount is several thousand dollars which the homebuyer may not have to repay. Homebuyers may choose from one of three programs:

Program 1--Economically Distressed Areas

This program addresses the need for economic stimulus in new construction housing in specific areas of the State. The program is available to any homebuyer provided that the property is located in a designated county and is within sales price limits (sales price limits are listed for each eligible county each year). Currently there are twelve counties with sales price limits eligible for this program: Butte, \$257,705; Fresno, \$232,050; Kern, \$216,055; Kings, \$198,100; Madera, \$189,980; Merced, \$186,340; Monterey, \$333,060; San Benito, \$351,750; San Joaquin, \$280,035; Shasta, \$219,975; Stanislaus, \$214,655; and Tulare, \$190,540. The amount of down payment assistance is equal to a portion of the eligible developer fees paid to a school district.

For homebuyers not located in these designated areas, or who fit different criteria, one of the other two down payment assistance programs may be available to them on a statewide basis:

Program 2--Maximum Sales Price \$130,000 (subject to change annually)

This program provides for homebuyers of newly constructed homes throughout California regardless of income, previous homeownership or location so long as the sales price does not exceed the current sales price limit. The sales price limit for a newly constructed home is currently \$130,000 with an annual escalator provision to make the sales price limit match the trends in terms of the prices of affordable new construction homes throughout California. The amount of down payment assistance is equal to a portion of the eligible developer fees paid to a school district.

Program 3--First-time Homebuyers Program

First-time homebuyers purchasing a newly constructed home whose family income does not exceed moderate-income adjusted for county and family size are eligible throughout California. Income limits change annually and currently range from \$44,400 to \$104,400 for a family of four depending upon the county of residence. A complete list of income by county and family size is available from CHFA and may also be accessed on CHFA's web site (www.chfa.ca.gov/programs/sf/sffdpap/3-income2000.pdf). Unlike the other two programs, the Program 3 down payment assistance amount is equal to all of the eligible developer fees paid to a school district.

The amount of down payment assistance available will depend upon which one of the three programs the homebuyer is eligible for and chooses, and the amount of fees a developer has paid to the school district that comply with the provisions of Senate Bill 50/Proposition 1A (1998). For example, a homebuyer purchasing a new 1,600 square foot home where the developer paid school facility fees in the amount of \$5,104, could receive an amount of down payment assistance of between \$1,824 to \$5,104, depending upon which one of the three programs the homebuyer qualifies under. Actual amounts vary with residence size and school district fee structure. Therefore, each down payment assistance amount is calculated individually for each applicant.

The formula for calculating the amount of down payment assistance, application forms and checklists, and program descriptions for these three programs are provided in an Application Package booklet available from builders, lenders, real estate agents and industry-related professionals or upon request from CHFA. Application Package may be obtained by contacting the California Housing Finance Agency, School Facility Fee Down Payment Assistance Program, 1121 L Street, 7th Flr, Sacramento, CA 95814; phone 1-800-323-8718. Information and Application Packages are also available for printing from CHFA's web page www.chfa.ca.gov.

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